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Chairman, Committee of Government Representatives
on Civil Society Participation
c/o Tripartite Committee (Ref. Civil Society)
United Nations Economic Commission for Latin America
and the Caribbean (ECLAC)
1825 K Street, N.W. - Suite 1120
Washington, D.C. 20006

Dear Chairman:

In response to the open invitation to civil society in FTAA participating countries, the U.S. Industry Sector Advisory Committee on Paper and Paper Products (ISAC 12) is pleased to provide the Committee with information about our industry's priority objectives for a Free Trade Area of the Americas.

TARIFFS:

The U.S. forest products industry seeks global elimination of tariffs on all paper and wood products. Export sales are an increasingly critical source of income and growth for our companies, but their ability to export is limited by the high tariffs they face in markets throughout the hemisphere and the world.

U.S. exports of pulp, paper, paperboard and converted paper products to FTAA countries have grown steadily in recent years, amounting to \$6.9 billion in 1998 (Canada and Mexico accounted for \$5.3 billion of that total).

A number of countries which are parties to the FTAA negotiations have significant forest products industries which are competitive in regional and world markets. These include Brazil, whose pulp and paper industry is among the world's lowest cost producers; and Chile, which has low-cost fiber sources and growing exports.

Although the U.S. and Canada have virtually eliminated their MFN tariffs on paper products, paper tariffs remain high in other countries of the hemisphere: 5-20% in Brazil; 11% in Chile; 0-20% in Colombia; and 5-20% in Venezuela. In addition, a number of countries impose extra fees such as port, handling, and warehouse charges that add to the final cost of importing a product. Therefore, elimination of the hemispheric tariff inequities and other import charges which directly disadvantage our manufacturers is a U.S. industry priority in the FTAA negotiations.

APEC Accelerated Tariff Liberalization (ATL)

In November 1998, Trade Ministers from the Asia Pacific Economic Cooperation (APEC) forum agreed to send a nine-sector tariff liberalization package--including a proposal for elimination of tariffs on forest products in the 2000-2004 timeframe--to the WTO for completion. This package was transmitted to the WTO in January 1999 and is now open to all WTO members. The U.S. Government is working with the other 17 APEC economies to gain full participation in this package by WTO members in advance of the WTO Ministerial meeting at Seattle in November 1999. To date, no FTAA member country (with the exception of the U.S. and Canada) has indicated it will participate.

We strongly urge that participation in the ATL initiative be identified as a priority for FTAA member agreement and considered an "early harvest" objective of the FTAA tariff negotiations.

NON-TARIFF MEASURES:

Elimination of non-tariff barriers is also essential to ensuring that U.S. pulp, paper and paperboard suppliers have equitable market access throughout the hemisphere. We recommend the following general areas for FTAA negotiation:

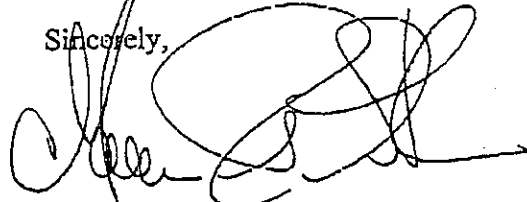
- o Simplification and harmonization of standards and specifications, technical requirements and regulatory procedures, including labelling and product marking; an FTAA agreement should stress the importance of mutual recognition and equivalency, and the need for compliance with applicable international standards.
- o Establishment of databases, based on a common model, containing applied and preferential tariff rates for all countries in the hemisphere, with appropriate public access.
- o Agreement on a code of conduct for customs officials to prevent arbitrary or corrupt customs treatment.
- o Requirements to ensure that laws, regulations and procedures affecting trade are promptly published or otherwise made available, with appropriate opportunity for consultation and comment by all interested parties.
- o Improved transparency and due process in government procurement procedures.
- o Agreement on privacy principles to govern protection of companies' business information and transborder data flows.

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CONCLUSION:

U.S. industry welcomes the efforts being made to seek increased participation by business and other elements of civil society in the development of an FTAA agreement. Although trade negotiations are fundamentally a government-to-government function, and national delegations are presumed to represent all legitimate interests in their individual countries, including civil society, we appreciate this opportunity to provide the Committee with information about the priority trade objectives of U.S. pulp, paper and paperboard producers.

Sincerely,



Maureen R. Smith
Vice President, International
Chair, ISAC 12